



ACF INDUSTRIES

INCORPORATED

750 THIRD AVENUE, NEW YORK, N. Y. 10017, (212) 986-8600, CABLE ADDRESS: ACFUSA

No. **8-268A037**
SEP 21 1978

Date 50
to \$ 50



September 20, 1978

Washington, D. C.

97116

RECORDATION NO. _____ Filed & Recorded

SEP 25 1978 - 10 55 AM

INTERSTATE COMMERCE COMMISSION

Secretary
Interstate Commerce Commission
Washington, D.C. 20025

Dear Sir:

We enclose herewith for filing with the Commission, pursuant to Section 20c of the Interstate Commerce Act and the regulations thereunder, seven (7) original counterparts of the Chattel Mortgage dated as of September 20, 1978 between the following parties:

- (a) Mortgagee: The Chase Manhattan Bank
 (National Association)
 1 Chase Manhattan Plaza
 New York, New York 10015
- (b) Mortgagor: ACF Industries, Incorporated
 750 Third Avenue
 New York, New York 10017

The equipment covered by the above document is as follows:

Handwritten signature: C. Dunlop

FEE OPERATION BR.
I.C.C.

SEP 25 10 45 AM '78

RECEIVED

DESCRIPTION OF EQUIPMENT

<u>Quantity</u>	<u>A.A.R. Car Type Code</u>	<u>Initialed ACFX and Numbered</u>
6	L454	58153-58158
10	L154	58159-58168
6	L254	58171-58176
4	L554	58314-58317
24	L154	58318-58341
2	L254	58346-58347
25	L254	58373-58397
15	L554	58398-58412
40	L254	58413-58452
15	L154	58453-58467
1	L254	<u>58468</u>
25	L254	<u>58777</u> -58801
22	T106	78413-78434
48	T104	78441-78488
10	T105	78506-78515
6	T055	78516-78521
3	T106	78522-78524
9	T106	78526-78534
20	T104	78540-78559
1	T107	78560
20	T104	78571-78590
2	T106	78591-78592

<u>Quantity</u>	<u>A.A.R. Car Type Code</u>	<u>Initialled ACFX and Numbered</u>
10	T105	78595-78604
8	T564	86370-86377
13	L254	97609-97621
20	L654	97622-97641
3	L254	97646-97648
23	L254	97679-97701
7	L754	97702-97708
7	L454	97786-97792
68	L254	97793-97860
239	L254	97862-98100
84	L254	98126-98209
20	L254	98226-98245

RECAPITULATION

Total Covered Hopper Cars	657
Total Tank Cars	159
	<hr/>
Total Number of Cars	816
	<hr/>

Secretary
Interstate Commerce Commission
September 20, 1978

No prior recordation of the above document has been made.

We also enclose our check drawn to the order of the Commission in the sum of \$50.00 in payment of the recordation fee in this connection.

We request that five counterparts, including the one marked "ACF Copy", bearing the Commission's recordation data be returned to Mr. R. W. Montgomery, Assistant Secretary, ACF Industries, Incorporated, 750 Third Avenue, New York, New York 10017, or to the bearer.

Very truly yours,


R. W. Montgomery
Assistant Secretary

RWM:sm
Encls.



Interstate Commerce Commission
Washington, D.C. 20423

9/25/78

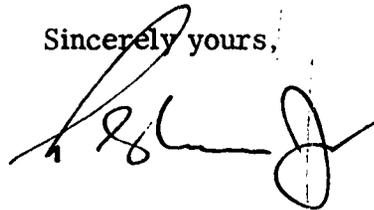
OFFICE OF THE SECRETARY

R.W. Montgomery
Assistant Secretary
ACF Industries, Incorp
750 Third Avenue
New York, N.Y. 10017

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on **9/25/78** at **10:55am**, and assigned recordation number(s) **9714**

Sincerely yours,



H.G. Homme, Jr.,
Acting Secretary

Enclosure(s)

SE-30-T
(2/78)

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RECORDATION NO. 9714 Filed & Recorded

SEP 25 1978 - 10 55 AM

ACF INDUSTRIES, INCORPORATED

INTERSTATE COMMERCE COMMISSION

TO

THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION)

CHattel MORTGAGE

Dated September 1, 1978

159 Tank Cars

657 Covered Hopper Cars

=====

CHattel MORTGAGE

THIS INDENTURE, dated September 1, 1978, by and between ACF Industries, Incorporated, a New Jersey corporation having its chief place of business at 750 Third Avenue, New York, New York 10017 (hereinafter called "Mortgagor"), Party of the First Part, and The Chase Manhattan Bank (National Association), a national banking association having its principal office at 1 Chase Manhattan Plaza, New York, New York 10015 (hereinafter called "Mortgagee"), Party of the Second Part,

Witnesseth:

Whereas, Mortgagor has manufactured and owns the railroad rolling stock described in Schedule A hereto attached (hereinafter, together with any standard gauge rolling stock (other than locomotives or passenger or work equipment) hereafter subjected to the lien of this mortgage as hereinafter provided, called the "Equipment"), which is intended for use in interstate commerce;

Whereas, pursuant to a loan agreement dated as of September 1, 1978 (the "Loan Agreement") (i) Mortgagee has agreed to lend to Mortgagor the sum of \$25,000,000 (the "Loan") with which Mortgagor is to reimburse its treasury for expenses incurred in the manufacture of the Equipment, and (ii) Mortgagor will execute and deliver to Mortgagee its promissory note in the amount of the Loan (the "Note"), and the Note is to be in substantially the following form:

"ACF INDUSTRIES, INCORPORATED

9.15% Secured Note due 1979-1988

\$25,000,000

New York, N.Y.
September 1, 1978

ACF Industries, Incorporated, a New Jersey corporation (hereinafter called the "Company"), for value received, hereby promises to pay to The Chase Manhattan Bank (National Association) (hereinafter called the "Bank"), or order at its office at 1 Chase Manhattan Plaza, New York, New York 10015, the principal sum of Twenty-five Million Dollars (\$25,000,000), in installments of \$2,083,333 on the first day of September in each of the years 1979 to 1987, inclusive, and a final installment on the first day of September 1988 equal to the principal amount of this Note then remaining unpaid, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest (computed on the basis of a 365-day year factor) on the unpaid principal

hereof from the date hereof at the rate of 9.15% per annum, in like coin or currency, at said office, quarterly on December 1, March 1, June 1 and September 1 hereafter, commencing with December 1, 1978, until such principal sum shall have become due and payable in installments or otherwise, and to pay interest at the rate of 10% per annum on any overdue principal and (to the extent permitted by applicable law) on any overdue interest, from the due date thereof, until the obligation of the Company with respect to the payment thereof shall be discharged.

This Note is the Note issued pursuant to a certain Loan Agreement dated as of September 1, 1978 entered into by the Company with the Bank. This Note is entitled to the benefits and security of a certain Chattel Mortgage dated September 1, 1978 and executed and delivered by the Company to the Bank.

This Note evidences a loan funded in the international money market and the rate of interest is fixed in relation to the offering rate prevailing in such market at the date of this Note. Accordingly, this Note may not be prepaid.

As provided in said Chattel Mortgage, the maturity of this Note may be accelerated upon the happening of an Event of Default as defined in said Chattel Mortgage.

ACF Industries, Incorporated

By _____
Title: _____"

, and (iii) Mortgagor has agreed in the Loan Agreement to execute and deliver this mortgage to secure Mortgagor's obligation to repay the Loan and its other obligations under the Note and hereunder;

Now, Therefore, for the purpose of securing the repayment of the Loan, as evidenced by the Note, with interest as provided herein and in the Note, the payment of all other monies secured hereby, and the performance of the covenants herein and in the Note contained;

First: Mortgagor does hereby grant, bargain, sell, convey and mortgage unto Mortgagee, its successors and assigns, all of its right, title and interest to the units of Equipment particularly described in said Schedule A and all other Equipment hereafter subjected to the lien of this mortgage as hereinafter provided, together with all attachments, accessories, accessions

and additions now or hereafter attached to or placed upon the Equipment, and any replacements thereof;

To Have and to Hold the Equipment unto Mortgagee and its successors and assigns forever; provided, however, that if Mortgagor shall perform or cause to be performed and carried out each of Mortgagor's warranties and covenants herein contained and particularly shall pay or cause to be paid to Mortgagee, its successors or assigns, for the redemption of the Equipment, the amount of the Loan evidenced by the Note and all other sums secured hereby, together with all interest thereon, according to the terms and provisions of this mortgage and of the Note, or according to the terms of any modification hereof or thereof, and if (after the occurrence of any default, breach of any covenant or warranty made herein by Mortgagor, or any Event of Default hereinafter mentioned) this mortgage or the Note shall be placed with an attorney for collection of the aforesaid debt, or any part thereof, then an additional sum equal to the reasonable fees of said attorney, or, if the amount of said attorney's fees is in violation of any statute or rule of law, then as large an amount, if any, as shall by law be permitted, then this mortgage shall be void; otherwise, to remain in full force and effect; and provided, further, that until default be made in the performance of the conditions aforesaid, or breach of any covenant or warranty made herein by Mortgagor, or the occurrence of any Event of Default hereinafter mentioned, Mortgagor shall be entitled to retain possession of the Equipment and to use and enjoy the same in accordance with the provisions of this mortgage, but in case of any such default or breach, or the happening of any such Event of Default, Mortgagee, its successors and assigns, shall then have all the rights and remedies provided by law in such cases, including therein, but not by way of limitation thereon, those rights and remedies set forth in this mortgage and in the Note, and

Second: Mortgagor covenants, represents and warrants as follows:

Article 1. Definitions. The following terms (except as otherwise expressly provided or unless the context otherwise requires) for all purposes of this mortgage shall have the respective meanings hereinafter specified:

Affiliate of any corporation shall mean any corporation which, directly or indirectly, controls or is controlled by, or is under direct or indirect common control with, such corporation. For the purposes of this definition, control (including controlled by and under common control with), as used with respect to any corporation, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities or by contract or otherwise.

Cost, when used with respect to Equipment not built by the Mortgagor or any Affiliate of Mortgagor, shall mean the actual

cost thereof, and, with respect to Equipment built by Mortgagor or any such Affiliate, shall mean so-called "car builder's cost" including direct cost of labor and material and overhead, but excluding the overhead of Mortgagor's or such Affiliate's corporate headquarters and any manufacturing profit.

Engineer's Certificate shall mean a certificate signed by a person appointed by Mortgagor who shall be an engineer, appraiser or other expert, as the case may require. Such engineer, appraiser or other expert may be an officer or employee of Mortgagor.

Equipment shall have the meaning specified in the first recital hereof.

Event of Default shall mean any event specified in Article 10 hereof to be an Event of Default.

Investment Securities shall mean bonds, notes or other direct obligations of the United States of America or obligations for which the faith of the United States is pledged to provide for the payment of the interest and principal, in any such case having a final maturity not in excess of 90 days from acquisition thereof by Mortgagee as herein provided.

Leases shall mean the Car Service Contracts entered into and to be entered into by Mortgagor with the Lessees, providing for the leasing of units of the Equipment by Mortgagor to the Lessees, at the respective rentals and upon the other terms and conditions therein provided.

Lessees shall mean various industrial shippers and others who, with Mortgagor, are parties to the Leases.

Loan shall have the meaning specified in the second recital hereof.

Loan Agreement shall have the meaning specified in the second recital hereof.

Mortgagee shall mean The Chase Manhattan Bank (National Association), a national banking association, and its successors and assigns.

Mortgagor shall mean ACF Industries, Incorporated, a New Jersey corporation, and its successors and assigns.

Note shall have the meaning specified in the second recital hereof.

Officers' Certificate shall mean a certificate signed by the Chairman of the Board or the President, any Senior Vice President or any Vice President and by the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary of Mortgagor.

Each such certificate shall include the statements provided for in Article 15 hereof.

Opinion of Counsel shall mean an opinion in writing signed by legal counsel who shall be satisfactory to Mortgagee and who may be an employee of or of counsel to Mortgagor. Each such opinion shall include the statements provided for in Article 15 hereof. The acceptance by Mortgagee of, and its action on, an Opinion of Counsel shall be sufficient evidence that such counsel is satisfactory to Mortgagee.

Replacement Funds shall have the meaning specified in Article 7 hereof.

Request shall mean a written request for the action therein specified, delivered to Mortgagee, dated not more than ten days prior to the date of delivery to Mortgagee and signed on behalf of Mortgagor by the Chairman of the Board or the President or a Vice President or the Treasurer of Mortgagor.

The words herein, hereof, hereby, hereto, hereunder and words of similar import refer to this mortgage as a whole and not to any particular Article, paragraph or subdivision hereof.

Article 2. Payment. Mortgagor will pay in immediately available funds the amount of the Loan evidenced by the Note, and all other sums secured hereby, together with all interest thereon, according to the terms and provisions of this mortgage and of the Note, or according to the terms of any modification hereof or thereof, when and as the same shall become due and payable.

Article 3. Substitution and Replacement of Equipment. Upon Request, Mortgagee shall, at any time and from time to time, release from the lien of this mortgage any or all of the Equipment; provided, however, that none of the Equipment shall be so released (except as provided in Article 17 hereof) unless simultaneously (a) there shall be subjected to the lien of this mortgage, in substitution for the Equipment so released, other Equipment of a fair value to Mortgagor not less than the fair value, as of the date of such Request, of the Equipment so released or (b) there shall be paid to Mortgagee cash in an amount not less than the fair value, as of said date, of the Equipment so released.

At the time of delivery of any Request pursuant to the first paragraph of this Article 3, Mortgagor shall, if other Equipment is to be subjected to the lien of this mortgage in substitution for the Equipment to be released, deliver to Mortgagee the following papers:

- (1) an Engineer's Certificate stating (i) the fair value, as of the date of said Request, of the Equipment so to be released, and (ii) the fair value to Mortgagor of such substituted units of Equipment as of such date;

(2) an Officers' Certificate stating (i) the date each unit of Equipment so to be released was first put into use (or that such unit was first put into use not later than a specified date), (ii) the original Cost of each unit of the Equipment so to be substituted and the date it was first put into use (or that such unit was first put into use not earlier than a specified date), (iii) that each such unit so to be substituted is Equipment as herein defined, (iv) that no Event of Default has occurred and is continuing and (v) that, in the opinions of the signers, all conditions precedent provided for herein, relating to such substitution, have been complied with;

(3) an executed counterpart of a supplement hereto, in form and substance satisfactory to Mortgagee, subjecting such substituted Equipment to the lien of this mortgage; and

(4) an Opinion of Counsel to the effect (i) that Mortgagor has good and valid title to each unit of such substituted Equipment, free and clear of all mortgages, liens, pledges, charges, security interests and other encumbrances, other than the lien of this mortgage and the rights, if any, of any of the Lessees under the Leases, (ii) that such supplement is valid and effective, either alone or together with any other instruments referred to in and accompanying such opinion, to subject such substituted Equipment to the lien of this mortgage, free from all other mortgages, liens, pledges, charges, security interests and other encumbrances (except as permitted herein), and (iii) that, in the opinion of such counsel, all conditions precedent provided for herein, relating to such substitution, have been complied with.

At the time of delivery of any Request pursuant to the first paragraph of this Article 3, Mortgagor shall, if cash is to be paid to Mortgagee in respect of the Equipment to be released from the lien of this mortgage, deliver to Mortgagee papers corresponding to those set forth in the second paragraph of this Article 3 insofar as they relate to the action requested.

Cash deposited with Mortgagee pursuant to this Article 3 or pursuant to Article 5 hereof shall be held by Mortgagee as additional collateral hereunder but shall, from time to time, be paid over by Mortgagee to Mortgagor upon Request, against the mortgaging to Mortgagee as hereinabove provided of additional Equipment having a fair value, as of the date of said Request, not less than the amount of cash so paid, and upon compliance by Mortgagor with all of the provisions of the second paragraph of this Article 3 (including an Engineer's Certificate corresponding to that required by subparagraph (1) of said second paragraph with respect to said Equipment) insofar as they relate to the action requested.

For all purposes of this Article 3, fair value shall be determined as follows (and the manner of such determination shall be set forth in each Engineer's Certificate furnished in respect thereof, including a statement of actual fair value or fair value to Mortgagor, as the case may be, without reference to the provisions of subdivisions (b) of subparagraphs (1) and (2) of this paragraph):

(1) The fair value of any unit of Equipment released from the lien of this mortgage as provided in this Article 3 shall be deemed to be the greater of (a) the actual fair value thereof and (b) the Cost thereof as then or theretofore certified to Mortgagee less 1/20th of such Cost for each full period of one year elapsed between the date such unit was first put into use as certified to Mortgagee and the date as of which fair value is to be determined.

(2) The fair value to Mortgagor of any unit of Equipment subjected to the lien of this mortgage as substituted Equipment as provided in this Article 3 shall be deemed to be the lesser of (a) the actual fair value thereof to Mortgagor and (b) the Cost of such unit, if new, or, in case of any unit of Equipment not new, (i) the depreciated book value thereof on the books of the owner thereof, as of the date of the mortgaging thereof to Mortgagee, or (ii) the Cost thereof, less 1/20th of such Cost for each full period of one year elapsed between the date such unit was first put into use and the date of the mortgaging thereof to Mortgagee, whichever shall be less.

Article 4. Marking of Equipment. Mortgagor agrees that if the Opinion of Counsel specified in Article 5 hereof shall not be delivered to Mortgagee as provided in said Article 5 or if, in the opinion of Mortgagor, marking of one or more units of Equipment is required by law to properly protect the rights of Mortgagee in and to the Equipment, Mortgagor will, as soon as practicable after determining that such marking is required or after August 1 in any year in which it fails to deliver the aforementioned Opinion of Counsel, arrange for the marking of each such unit of the Equipment in the following manner: there shall be plainly, distinctly, permanently and conspicuously placed and fastened upon each side of each such unit a metal plate bearing the following words, or such words shall be otherwise plainly, distinctly, permanently and conspicuously marked on each side of such unit, in either case in letters not less than one inch in height:

THIS CAR IS MORTGAGED TO THE CHASE MANHATTAN BANK, N.A.,
UNDER A CHATTEL MORTGAGE RECORDED UNDER SECTION 20c OF THE
INTERSTATE COMMERCE ACT.

Such plates or marks shall be such as to be readily visible and as to indicate plainly Mortgagee's interest in each unit of the Equipment.

In case, prior to the termination of this mortgage, any of such plates or marks shall at any time be removed, defaced or destroyed, Mortgagor shall forthwith cause the same to be restored or replaced. Mortgagor shall not change, or permit to be changed, the identifying numbers (as set forth on Schedule A hereto or in any supplement hereto) of any of the Equipment at any time covered hereby (or any numbers which may have been substituted as herein provided) except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with Mortgagee by Mortgagor and also filed and recorded in like manner as this mortgage.

The Equipment may be lettered, "ACF Industries, Incorporated", "Shippers Car Line", "ACFX", "SHPX", or in some other appropriate manner for convenience of identification of the ownership by Mortgagor thereof, and may also be lettered in such manner as may be appropriate for convenience of identification of the leasehold interests therein of any of the Lessees under any of the Leases; but Mortgagor, during the continuance of this mortgage, will not allow the name of any person to be placed on any of the Equipment as a designation which might be interpreted as a claim of ownership thereof by any person other than Mortgagor, or as an indication of any lien or other encumbrance thereon (except the interests of the Lessees as aforesaid) other than the lien of this mortgage in favor of Mortgagee.

Article 5. Maintenance of Equipment. Mortgagor agrees that it will maintain and keep all the Equipment in good order and proper repair at its own cost and expense, unless and until it becomes worn out, unsuitable for use, lost or destroyed. Whenever any of the Equipment shall become worn out, unsuitable for use, lost or destroyed, or is requisitioned, taken over or nationalized by any governmental agency under the power of eminent domain or otherwise (any such event being hereinafter sometimes called a Casualty Occurrence), Mortgagor shall forthwith deliver to Mortgagee an Engineer's Certificate describing such Equipment and stating the fair value thereof as of the date such Equipment became worn out, unsuitable for use, lost or destroyed, or was so requisitioned, taken over or nationalized. When such fair value of all the Equipment having suffered a Casualty Occurrence (exclusive of Equipment having suffered a Casualty Occurrence in respect of which a deposit shall have been made with Mortgagee pursuant to this Article 5) shall amount to \$250,000 (or such lesser amount as Mortgagor may elect), Mortgagor shall forthwith deposit with Mortgagee an amount in cash equal to such fair value. Cash deposited with Mortgagee pursuant to this Article 5 shall be held and applied as provided in the fourth paragraph of Article 3 hereof. For all purposes of this paragraph, fair value shall be determined in the manner provided in subparagraph (1) of the final paragraph of Article 3 hereof.

Mortgagor covenants and agrees to furnish to Mortgagee, whenever required by Mortgagee, and at least once, on or before August 1 in every calendar year commencing with the year 1979 and thereafter throughout the term hereof, (a) an Officers' Certificate, dated as of the preceding April 30, stating (1) the amount, description and numbers of all Equipment that may have become worn out, or that may have become unsuitable for use or lost or destroyed by accident or otherwise, or have been requisitioned, taken over or nationalized, in any such case since the date of the last preceding statement (or the date of this mortgage in the case of the first statement), and (2) that in the case of all the Equipment repainted or repaired since the date of the last preceding statement (or the date of this mortgage in the case of the first statement) the plates or marks required by Article 4 hereof, if any, have been preserved, or that such Equipment when repainted or repaired has been again plated or marked as required thereby and (b), if such be the case, an Opinion of Counsel to the effect that the marking of one or more units of Equipment as provided in said Article 4 is not required by law to properly protect the rights of the Mortgagee in and to the Equipment. Mortgagee, by its agents, shall have the right once in each calendar year to inspect the Equipment at the then existing locations thereof.

Mortgagor further covenants and agrees to furnish to Mortgagee, whenever required by Mortgagee, an Officer's Certificate stating, as to each of the Leases then in effect, the name and address of the Lessee thereunder, the identifying number of each unit of the Equipment subject thereto, and the expiration date thereof, and also stating the identifying number of each unit of the Equipment not then subject to any of the Leases.

Article 6. Possession of Equipment. Except as provided in this Article 6, Mortgagor will not assign or transfer its rights hereunder, or sell, assign, lease, transfer or otherwise dispose of, or subject to, or permit to become subject to, any mortgage, lien, pledge, charge, security interest or other encumbrance (other than the lien of this mortgage and other than the leasehold interests of the Lessees under the Leases as hereinbelow in this Article 6 provided) the Equipment or any part thereof, without the written consent of Mortgagee first had and obtained; and Mortgagor shall not, without such written consent, except as hereinbelow in this Article 6 provided, part with the possession of, or suffer or allow to pass out of its possession or control, any of the Equipment. An assignment or transfer to a corporation which shall acquire all or substantially all of the property of Mortgagor and which, by execution of an appropriate instrument satisfactory to Mortgagee, shall assume and agree to perform each and all of the obligations and covenants of Mortgagor hereunder and under the Loan Agreement and the Note shall not be deemed a breach of this covenant. The appointment of a receiver or receivers in equity or reorganization or a trustee or trustees in bankruptcy or reorganization for Mortgagor or for its property shall not be deemed an unauthorized assignment if, prior to any

action by Mortgagee to exercise the remedies herein provided, such receiver or receivers or trustee or trustees shall be discharged or such receiver or receivers or trustee or trustees shall, pursuant to court order or decree, in writing duly assume and agree to pay or perform each and all of the obligations and covenants of Mortgagor hereunder and under the Loan Agreement and the Note, in such manner that such obligations shall have the same status as obligations incurred by such receiver or receivers or trustee or trustees.

So long as Mortgagor shall not be in default under this mortgage, Mortgagor shall be entitled to the possession and use of the Equipment in accordance with the terms hereof, and Mortgagor may also lease or contract to the Lessees under the Leases all or any part of the Equipment, but only upon and subject to all the terms and conditions of this mortgage, and to all rights of Mortgagee hereunder.

Any of the Leases may provide that the Lessee thereunder, so long as it shall not be in default under such Lease, shall be entitled (subject to the rights of Mortgagee) to the possession of the Equipment included in such Lease and the use thereof, and, subject to the provisions of Article 4 hereof, may provide for lettering or marking upon such Equipment for convenience of identification of the leasehold interest of such Lessee therein. Every such Lease shall contain provisions which have the effect of subjecting the rights of the Lessee under such Lease to the rights of Mortgagee in respect of such Equipment, including, without limitation, such rights in the event of the happening of an Event of Default.

Article 7. Funds May be Held by Mortgagee; Investments in Investment Securities. Any money at any time paid to or held by Mortgagee hereunder until paid out or applied by Mortgagee as herein provided may be carried by Mortgagee on deposit with itself, and, if and to the extent permitted by applicable law or regulations of governmental authorities having jurisdiction over Mortgagee, it may, but shall not be required to, allow interest upon any such moneys held by it at the rate generally prevailing among New York City banks and trust companies or allowed by it upon deposits of a similar character.

At any time, and from time to time, if at the time no Event of Default shall have occurred and be continuing, Mortgagee, on Request shall invest and reinvest cash deposited with it pursuant to Article 3 or Article 5 hereof (hereinafter in this Article 7 called "Replacement Funds"), in such Investment Securities, at current market prices, including any premium and accrued interest, as are set forth in such Request, such Investment Securities to be held by Mortgagee as additional collateral hereunder (but all losses in respect of any such investments shall be for the account of Mortgagor and Mortgagor shall forthwith upon demand by Mortgagee deposit with Mortgagee any cash necessary to restore to Replacement Funds any amounts lost in respect of any Investment Securities purchased in accordance with this paragraph).

Mortgagee shall, on Request, or Mortgagee may, in the event funds are required for payment against delivery of Equipment, sell such Investment Securities, or any portion thereof, and promptly restore to Replacement Funds the proceeds of any such sale up to the amount paid for such Investment Securities, including accrued interest.

Mortgagor, if not to the knowledge of Mortgagee in default under the terms hereof, shall be entitled to receive any interest allowed as provided in the first paragraph of this Article 7, and any interest or other profit which may be realized from any sale or redemption of Investment Securities.

Article 8. Compliance With Laws and Rules. During the term of this mortgage, Mortgagor will comply, and will cause each of the Lessees to comply, in all respects, with all laws of the jurisdictions in which operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the operation or use of the Equipment; and in the event that such laws or rules require the alteration of the Equipment, Mortgagor will, or will cause each of the Lessees to, conform therewith, at its or their expense, and will maintain the same in proper condition for operation under such laws and rules; provided, however, that Mortgagor or any Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of Mortgagee, adversely affect the rights of Mortgagee hereunder.

Article 9. Taxes and Other Liens. Mortgagor will pay or cause to be paid, or otherwise satisfy and discharge, any and all taxes and any and all sums claimed by any party by, through or under Mortgagor or its successors or assigns which, if unpaid, might become a lien or a charge upon the Equipment, or any unit thereof, equal or superior to the lien of Mortgagee thereon, but shall not be required to pay or discharge any such tax or other claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of Mortgagee, adversely affect the lien or rights of Mortgagee hereunder.

If the Federal Government or any state or subdivision thereof now or hereafter imposes, or increases or extends any existing, internal revenue tax, war tax, excise, manufacturer's or sales tax, import, export, impost or other charge or tax of any kind on the Equipment or any unit thereof or in respect of any other matters connected therewith, and if such tax is in any wise payable by Mortgagee, the amount of such tax shall be added to and shall be and become a part of the sums secured by this mortgage, and shall immediately without demand be due and be repaid by Mortgagor to Mortgagee.

Article 10. Defaults and Certain Remedies. In the event that any one or more of the following events of default (hereinafter called "Events of Default") shall occur and be continuing, to wit:

(a) Mortgagor shall fail to pay in full any sum payable by it as herein or in the Note provided within ten (10) days after such sum shall become due and payable; or

(b) Mortgagor shall refuse, or for more than thirty (30) days after Mortgagee shall have demanded in writing performance thereof shall fail, to comply with any covenant, agreement, term or provision of this mortgage on its part to be kept and performed or to make provisions satisfactory to Mortgagee for such compliance; or

(c) Any proceedings shall be commenced by or against Mortgagor for the appointment of a receiver or receivers or for any relief under any bankruptcy or insolvency law or law relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment or impairment of any obligations secured by this mortgage) or Mortgagor shall suffer any involuntary transfer of the Equipment by bankruptcy or by the appointment of a receiver or trustee or by the execution of any judicial or administrative decree or process or otherwise (unless such transfer, decree or process shall within sixty (60) days from the effective date thereof be nullified, stayed or otherwise rendered ineffective) and all the obligations of Mortgagor secured by this mortgage shall not have been either duly assumed in writing pursuant to a court order or decree by a receiver or receivers or trustee or trustees appointed for Mortgagor or for its property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such receiver or receivers or trustee or trustees within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier (unless such proceedings shall have theretofore been dismissed, or discontinued); or

(d) Mortgagor shall make or suffer any unauthorized assignment or transfer of any unit of the Equipment or of the right to possession of any thereof; or

(e) The Equipment, or any unit thereof, shall be attached, distrained or otherwise levied upon and such attachment, distraint or levy shall not be vacated within ten (10) days; or

(f) Mortgagor shall make an assignment for the benefit of creditors or shall make an attempt to sell or convert the Equipment or any unit thereof; or

(g) Any material representation made by the Mortgagor herein or in the Loan Agreement or in any certificate or other instrument delivered under or pursuant to any provision hereof or thereof shall prove to have been false or incorrect in any material respect on the date as of which made; or

(h) Any default of Mortgagor, for ten (10) days after the same shall have become due and payable, in making any payment due in respect of an obligation, if the aggregate unpaid principal amount of all such obligations as to which Mortgagor is so in default exceeds \$1,000,000,

(i) for borrowed money (other than the Note), or

(ii) under a lease which has been or in accordance with sound accounting practice should be capitalized upon Mortgagor's books

except, in either such case, an obligation which is being contested in good faith and by proper proceedings by Mortgagor;

then or at any time after the occurrence of such an Event of Default the entire unpaid balance of the indebtedness secured by this mortgage shall, at the election of Mortgagee, become and be immediately due and payable upon written notice by Mortgagee to Mortgagor; and this mortgage may, at Mortgagee's option (notice of the exercise of which option is hereby expressly waived) be foreclosed by action or in any other manner provided by law; and Mortgagee is further authorized to enter any premises of Mortgagor or other place where the Equipment or any unit thereof may be, and take possession of the Equipment or any unit thereof, and remove the same without notice or demand and with or without legal procedure (said notice and demand, and also any right or action for trespass or damages being hereby waived) and sell the same (and any Investment Securities then held by it under Article 7 hereof) for cash or on credit at public or private sale and with or without advertisement, applying the moneys arising from such sale (and any cash on deposit with it under Article 3 or Article 5 hereof) first, toward the payment of the expenses of such sale and of the taking of possession of said Equipment, and second, toward the payment of all unpaid indebtedness secured hereby, together with interest thereon at the rate or rates specified in the Note to the date the same became due and at the rate of ten percent (10%) per annum thereon thereafter, and any other sums secured hereby, paying the surplus, if any, to

Mortgagor. If for any cause, the proceeds of said Equipment (and Investment Securities) and cash (if any) fail to satisfy such indebtedness, interest, sums and expenses, Mortgagor covenants and agrees to pay the deficiency together with interest thereon at the rate of ten percent (10%) per annum. Any sale hereunder may be held or conducted at such time or times and at such place or places as Mortgagee may fix, in one lot and as an entirety, or separate lots, and without the necessity of taking possession of the Equipment or any thereof or of gathering at the place of sale the property to be sold, and in general in such manner as Mortgagee may determine; provided that Mortgagor shall be given notice of such sale by telegram or registered mail not less than ten (10) days prior thereto. No purchaser at any such sale shall be under any obligation to see to the application of the proceeds of sale or to inquire into the authority of Mortgagee or its agent or other substitute to make such sale. At any sale made as aforesaid, Mortgagee, its successors and assigns, may fairly and in good faith purchase the Equipment (or Investment Securities, if any) or any part of either thereof, and in payment of the purchase price Mortgagee shall be entitled to have credited on account thereof all sums due to Mortgagee from Mortgagor on the indebtedness secured hereby. In the event Mortgagee shall take possession of the Equipment or any part thereof, as hereinabove provided, it shall have the right to take possession of any and all other property in or upon or attached to the Equipment. If Mortgagor shall fail to remove such other property within five (5) days after such taking, Mortgagee may place such other property in storage for the account of and at the expense of Mortgagor.

The foregoing is subject to all mandatory provisions of applicable law; the invalidity of any remedy in any jurisdiction shall not invalidate such remedy in any other jurisdiction, and the invalidity and unenforceability of any of the remedies herein provided shall not in any way affect the right to enforcement in such jurisdiction or elsewhere of any of the other remedies herein provided.

Article 11. Demand for Possession of the Equipment by Mortgagee. In case Mortgagee shall rightfully demand possession of the Equipment or any unit thereof in pursuance of this mortgage and shall designate a point or points (which may, but need not, be upon premises occupied by Mortgagor) for delivery of the Equipment or any unit thereof to Mortgagee, Mortgagor will at its own expense forthwith cause the Equipment or any such unit thereof to be moved to such point and there delivered to Mortgagee; and, at the option of Mortgagee, Mortgagee may keep the Equipment or any unit thereof on any lines of railroad or premises approved by it, at the expense of Mortgagor, until Mortgagee shall have disposed of the same. The provisions of this Article 11 are of the essence of this mortgage and, upon application to any court of equity having jurisdiction in the premises, Mortgagee shall be entitled to a decree against Mortgagor requiring specific performance hereof, and Mortgagor will pay to Mortgagee upon demand all expenses, including reasonable attorney's fees, in

connection with obtaining such decree and all such expenses, with interest thereon at the rate of ten percent (10%) per annum, shall, until paid, constitute a further lien on the Equipment.

Article 12. Enforcement of Remedies, etc. Mortgagee shall have the right to exercise or enforce one or more rights, powers or remedies hereunder, successively or concurrently, and such action shall not prevent Mortgagee from exercising or pursuing any further right, power or remedy which it may have hereunder or by virtue of any statute or rule of law; and no repossession or retaking or sale of the Equipment or any part thereof, nor the foreclosure of this mortgage, pursuant to the terms thereof or as provided by law, shall release Mortgagor until full payment has been made to Mortgagee, in cash, of all amounts secured hereby. To the extent it lawfully may, Mortgagor hereby waives the right to remove any legal action from the court originally acquiring jurisdiction. In the event Mortgagor shall fail or refuse to deliver the Equipment to Mortgagee or its assigns promptly after Mortgagee shall have made demand therefor, at a time when Mortgagor shall be in default hereunder, Mortgagor shall be obligated to pay to Mortgagee or its assigns forthwith, a sum equal to the sum of all Mortgagee's costs and expenses in the locating and taking possession of the Equipment. Payment of such sum shall be secured by this mortgage the same as if originally included in the debt secured hereby.

Article 13. Extension Not a Waiver. No delay or omission in the exercise of any power or remedy herein provided or otherwise available to Mortgagee shall impair or affect Mortgagee's right thereafter to exercise the same. Any extension of time for payment hereunder or other indulgence granted to Mortgagor shall not otherwise alter or affect Mortgagee's rights or Mortgagor's obligations hereunder. Mortgagee's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect Mortgagor's obligations or Mortgagee's rights hereunder with respect to any subsequent payments or any prior or subsequent default hereunder.

Article 14. Recording. Mortgagor will at its expense cause this mortgage and any assignments hereof, and any supplements hereto, to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act; and Mortgagor will at its expense from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record any and all further instruments required by law or reasonably requested by Mortgagee for the purpose of proper protection, to the satisfaction of counsel for Mortgagee, of its lien on the Equipment and its rights under this mortgage or for the purpose of carrying out the intention of this mortgage, but only when the aforementioned filing and recording in accordance with Section 20c of the Interstate Commerce Act shall not be adequate to protect properly the lien of Mortgagee on units of the Equipment having a value of not less than 85% of the aggregate value of the Equipment (such value to be determined in the manner provided in subparagraph (1) of the last paragraph of Article 3 hereof).

Promptly after the execution and delivery of this mortgage and each supplement hereto, Mortgagor will furnish to Mortgagee an Opinion of Counsel stating that, in the opinion of such counsel, this mortgage or such supplement, as the case may be, has been properly recorded and filed in compliance with the preceding paragraph of this Article 14 and reciting the details of such action. Mortgagor shall furnish to Mortgagee, not later than February 1 in each year, commencing with the year 1979, an Opinion of Counsel stating either that, in the opinion of such counsel, (i) such action has been taken with respect to the recording, filing and registering and rerecording, refiling and reregistering of this mortgage and each supplement hereto as is necessary to comply with the preceding paragraph of this Article 14 and reciting the details of such action or (ii) no such action is necessary for such purpose. In rendering any such opinion, such counsel may conclusively rely upon an Officer's Certificate as to the location of the Equipment.

Article 15. Required Statements. Each certificate or opinion provided for in this mortgage and delivered to Mortgagee with respect to compliance with a condition or covenant provided for in this mortgage shall include (a) a statement that the person making such certificate or opinion has read such condition or covenant; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (c) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; and (d) a statement as to whether or not in the opinion of such person, such condition or covenant has been complied with.

Article 16. Applicable State Law. This mortgage shall be construed in accordance with the laws of the State of New York and the rights and remedies of the parties hereunder shall be determined in accordance with such law, except to the extent that the law of some other jurisdiction within the United States of America may be mandatorily applicable to proceedings taken for the enforcement of the rights of Mortgagee; provided, however, that any remedies herein provided which are valid under the laws of jurisdictions where proceedings for the enforcement hereof are taken shall not be affected by an invalidity thereof under the laws of New York. Any provision of this mortgage prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof. An executed copy of this instrument has been delivered to and received by Mortgagor.

Article 17. Release. Upon payment by Mortgagor to Mortgagee of the whole amount of all sums secured hereby and the performance by Mortgagor of all other covenants, conditions and warranties on its part hereunder, Mortgagee shall, at Mortgagor's expense, execute such instruments and take such other action as may be

reasonably requested by Mortgagor in order to discharge this mortgage of record.

Article 18. Binding on Successors and Assigns. All terms, conditions and covenants herein contained shall be binding upon and inure to the benefit of the successors and assigns of Mortgagee, and shall be binding upon the successors and assigns of the Mortgagor.

Article 19. Counterparts. This mortgage may be executed simultaneously in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

In Witness Whereof, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, the day, month and year first above written.

ACF INDUSTRIES, INCORPORATED,
Mortgagor

By

Title

W. C. ANDERSON

TREASURER

(SEAL)

Attest:

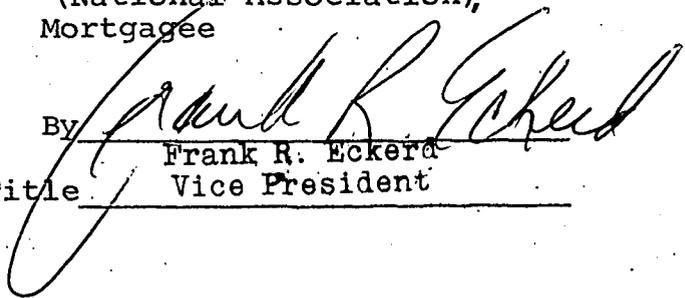

R. W. MONTGOMERY

ASSISTANT SECRETARY

THE CHASE MANHATTAN BANK
(National Association),
Mortgagee

By

Title


Frank R. Eckerd
Vice President

(SEAL)

Attest:



ANTON J. PEDISICH
Assistant Secretary

State of New York)
County of New York) ss.:

On the 20th day of September 1978, before me personally came **W. C. ANDERSON**, to me known, who, being by me duly sworn, did depose and say that he resides at **222 VALLEY COURT, HAWORTH, N.J.**; that he is **TREASURER** of ACF Industries, Incorporated, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

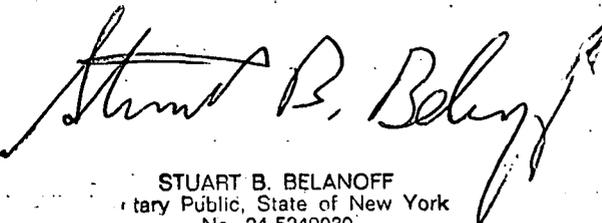
(SEAL)


ROBERT G. PIERCE
NOTARY PUBLIC, State of New York
No. 60-3100825
Qualified in Westchester County
Commission Expires March 30, 1979

State of New York)
County of New York) ss.:

On the 21st day of SEPTEMBER 1978, before me personally came **FRANK R. ECKERO** to me known, who, being by me duly sworn, did depose and say that he resides at **9 WELLINGTON DRIVE, TINTON FALLS, NEW JERSEY** that he is a **VICE PRESIDENT** of The Chase Manhattan Bank (National Association), one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

(SEAL)


STUART B. BELANOFF
Notary Public, State of New York
No. 24-5249030
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1980

SCHEDULE A
DESCRIPTION OF EQUIPMENT

<u>Quantity</u>	<u>A.A.R. Car Type Code</u>	<u>Initialed ACFX and Numbered</u>
6	L454	58153-58158
10	L154	58159-58168
6	L254	58171-58176
4	L554	58314-58317
24	L154	58318-58341
2	L254	58346-58347
25	L254	58373-58397
15	L554	58398-58412
40	L254	58413-58452
15	L154	58453-58467
1	L254	58468
25	L254	58777-58801
22	T106	78413-78434
48	T104	78441-78488
10	T105	78506-78515
6	T055	78516-78521
3	T106	78522-78524
9	T106	78526-78534
20	T104	78540-78559
1	T107	78560
20	T104	78571-78590
2	T106	78591-78592

<u>Quantity</u>	<u>A.A.R. Car Type Code</u>	<u>Initialed ACFX and Numbered</u>
10	T105	78595-78604
8	T564	86370-86377
13	L254	97609-97621
20	L654	97622-97641
3	L254	97646-97648
23	L254	97679-97701
7	L754	97702-97708
7	L454	97786-97792
68	L254	97793-97860
239	L254	97862-98100
84	L254	98126-98209
20	L254	98226-98245

RECAPITULATION

Total Covered Hopper Cars	657
Total Tank Cars	159
Total Number of Cars	<u>816</u>